

Message Text

SECRET

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ACTION L-02

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FM AMEMBASSY MANILA

TO SECSTATE WASHDC IMMEDIATE 3997

S E C R E T MANILA 6510

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FOR HUMMEL AND ALDRICH

E.O. 11652: GDS

TAGS: EGEN, ETRD, RP, UP

SUBJECT: ECONOMIC NEGOTIATIONS

REF: A. STATE 115597

B. MANILA 6311

1. I FIND IT DIFFICULT TO GIVE YOU A SIMPLISTIC ANSWER TO THE QUESTIONS YOU POSE IN REFTEL. FROM THE MANILA PERSPECTIVE, THE QUESTIONS SEEM TO GIVE TOO MUCH RESPECTABILITY TO SOME RATHER PETTY BUREAUCRATIC PREMISES IN THE WASHINGTON LANDSCAPE AND NOT RPT NOT ENOUGH ATTENTION TO THE FOCUS OF THE PROBLEM IN THE PHILIPPINES. I WOULD HOPE THAT YOUR CONGRESSIONAL CONSULTATIONS WILL CLARIFY WHETHER THESE SEVERAL EXPRESSIONS OF CONCERN ABOUT THE EFFECT WHICH DISCUSSIONS OF TARIFF CONCESSIONS MIGHT HAVE ON TRADE VOTES ARE PURE SMOKESCREENS FOR BUREAUCRATIC INTERESTS (AS WE SUSPECT) OR WHETHER THEY HAVE ANY FOUNDATION IN FACT. PENDING THAT CLARIFICATION, HOWEVER, I WOULD LIKE TO STICK TO THE ASSUMPTION THAT MOMENTUM IN THESE NEGOTIATIONS CONTINUES TO BE IMPORTANT AND THAT DISCUSSION OF (AS DISTINCT FROM AGREEMENT ON) TARIFF AND TRADE MATTERS IS AN SECRET

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ESSENTIAL ELEMENT OF THAT MOMENTUM.

2. MARCOS, AS INDICATED IN PARA 2(A) REFTEL A HAS INDEED MET AN IMMEDIATE REQUIREMENT FOR US BY ISSUING HIS PROCLAMATION ON LAND AND HIS DECREE ON PRIVATE LAND LEASES. WE ARE UNDER GREAT PRESSURE AT THE MOMENT FROM OUR BUSINESS COMMUNITY, HOWEVER, TO OBTAIN CLARIFICATION OF THESE MOVES, PARTICULARLY TO BE SURE THAT FORESHORE LEASES AND OTHER LEASES OF PUBLIC LAND ARE COVERED AND TO SEE IF IT IS POSSIBLE TO LIFT THE BAN ON DISPOSITION OF PUBLIC LAND DURING THE DEFERRAL PERIOD. MARCOS HAS NOT AS YET ISSUED DECREES RESPECTING RETAIL TRADE AND MODIFICATION OF THE ANTI-DUMMY ACT. ON THE SUBSTANCE OF MATTERS OF INTEREST TO US, THEREFORE, IT SEEMS PREMATURE TO GIVE MARCOS ANY IMPRESSION THAT WE FEEL THE HEAT IS OFF.

3. WE HAVE BEEN FOR SOME TIME TABLING WITH MARCOS ONLY TRADE AND INVESTMENT INTERESTS OF PRIMARY VALUE TO OURSELVES. OUR INITIAL DRAFT AER CARRIED THAT FLAVOR. AS SEEN BY FILIPINOS OUR NEW TEXT WOULD SEEM THE SAME, IF IT WERE NOT TO CONTAIN INDICATIVE TRADE CONCESSIONS OR TO SHOW CLEAR MOVEMENT TOWARD OUR BEING ABLE TO MAKE SUCH CONCESSIONS. THESE FACTS HAVE BEEN CONSTANTLY REITERATED TO MARCOS BY MEMBERS OF HIS CABINET, ACCOMPANIED BY CABINET PRESSURE TO INSIST THAT MATTERS REST WHILE WE ACQUIRE NEGOTIATING AUTHORITY. WHILE WE HAVE BEEN CAREFUL NOT TO STATE A TIME-TABLE FOR OBTAINING THAT AUTHORITY, OUR WHOLE POSTURE HAS REQUIRED THAT WE PRESS ON AS IF THERE COULD BE NO QUESTION THAT AUTHORITY WOULD BE FORTHCOMING IN DUE COURSE.

4. IN THIS LIGHT, ANY REAL CHANGE IN SIGNALS AT THIS TIME AS SUGGESTED PARA 2(C) REFTEL A CAN ONLY BE TAKEN BY MARCOS TO MEAN THAT WE FEEL WE NOW HAVE WHAT WE WANT FROM HIM AND ARE PREPARED TO SIT BACK AND RELAX. HE WILL DETECT IMMEDIATELY THE TONE SUGGESTED PARA 2(A) AS WILL MEMBERS OF HIS CABINET WHO, AS I SAID EARLIER, WERE MOST RELUCTANT TO HAVE MARCOS MAKE ANY CONCESSIONS TO US OUT OF STEP WITH THE PROGRESS OF THE TRADE BILL. A SIGNIFICANT DELAY NOW WILL LOOK, UNFORTUNATELY, LIKE A DOUBLE CROSS.

5. I DO NOT MEAN WITH THESE THOUGHTS TO SUGGEST THAT
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YOUR PROBLEMS OF CONSULTATION ON THE HILL ARE AT ALL SIMPLE, BUT, ON THE OTHER HAND, I STILL FAIL TO SEE HOW IT WILL BE POSSIBLE TO CONSULT WITHOUT GETTING DOWN TO THE ISSUES THAT MATTER. IN THAT RESPECT, WE MUST TALK SOON ON THE HILL ABOUT TRADE CONCESSIONS AND OTHER TRADEOFFS MARCOS SEES IN HIS PACKAGE.

6. IF WE MERELY FRITTER JUNE AWAY AS WE HAVE ALREADY

FRITTERED MAY, THE CHANCES SEEM TO ME BETTER THAN EVEN THAT
THE CABINET HARDLINERS WILL PREVAIL, THE OLD SUSPICIONS
OF BAD FAITH WILL RE-EMERGE, AND JULY 3 COULD BECOME A RATHER
UGLY DAY IN U.S.-PHILIPPINE RELATIONS RATHER THAN THE
GRACIOUSLY HARMONIOUS DAY WHICH BOTH SIDES DESIRE- AND WHICH
IS WITHIN OUR COMPETENCE TO CONTRIVE. ONCE AGAIN, I
STRESS THAT WE NEED NOT RPT NOT HAVE A FIRM AGREEMENT ON
TRADE AND TARIFF MATTERS DURING JUNE, BUT, IN MY JUDGMENT,
WE MUST HAVE SOME POSITIVE INDICATIONS OF OUR WILLINGENESS TO
FOCUS ON THESE MATTERS DURING THIS MONTH.
SULLIVAN

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